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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 14, 2000

APPLICATION OF

ROBERT A. WINNEY d/b/a
THE WATERWORKS COMPANY OF
FRANKLIN COUNTY

CASE NO. PUE000093

To change rates and charges

ORDER FOR NOTICE AND HEARING

On February 23, 2000, Robert A. Winney, d/b/a The Waterworks Company of Franklin County ("The Waterworks Company" or "Company"), filed with the Clerk of the Commission a copy of a notice to customers of changes in rates and charges dated February 23, 2000. By Order Suspending Changes and Authorizing Response of March 8, 2000, the Commission docketed the matter, suspended the proposed changes in rates and charges through June 9, 2000, and authorized the Company to respond to the Commission Staff Motion to Dismiss filed and served on March 7, 2000. In its motion, the Staff contended that the Company had not provided the required notice of its proposed changes to all customers. The Staff also argued that the notice was confusing as to the effective date of the change in the quarterly rate for service.

On March 20, 2000, the Company filed with the Clerk a letter dated March 15, 2000, and a copy of a second notice to

customers of changes in rates and charges dated March 15, 2000. In the notice to customers, the Company proposed to increase the quarterly rate for water service from \$67.50 to \$80.50, payable in advance and effective on May 1, 2000. The Company also proposed to increase the annual availability fee from \$60.00 to \$100.00, effective January 1, 2001, and to establish a connection fee of \$1,000.00, effective May 1, 2000.

The Commission will treat the letter and the attached notice as a response to the Staff Motion to Dismiss and as a request to amend the original application. As discussed in the following paragraphs, the Commission will deny the Staff's motion. We will also establish further proceedings for consideration of the application to change rates and charges, as amended on March 20, 2000.

With regard to the Staff Motion to Dismiss, the Commission agrees that the initial notice to customers dated February 23, 2000, was confusing. The Company bills on a quarterly basis, and the proposed effective date, April 10, 2000, did not coincide with the beginning of the quarter. Likewise, the listing of only two of the four developments served by The Waterworks Company suggested that the proposed changes in rates and charges did not apply to all customers.

The amended notice filed with the Clerk indicated that all customers would be affected by the proposed changes in rates and

charges. The Commission is concerned, however, about the Company's successive filing of notices to customers and the resulting confusion over the appropriate charge for service. The Commission is, however, aware of the limited resources of The Waterworks Company. Accordingly, under the circumstances, we will accept the amended notice, deny the Staff's motion, and allow the application to go forward under the conditions we establish.

Given the size of the increase and the Company's history, the Commission will order a hearing on the application, as provided by § 56-265.13:6 of the Code of Virginia and Rule 7 of the Commission's Rules Implementing the Small Water or Sewer Public Utility Act, 20 VAC 5-200-40. As provided by § 56-265.13:6, we will suspend the proposed change in the quarterly rate for service and the connection fee for sixty days from the proposed effective date, May 1, 2000. Accordingly, these proposed changes are suspended through June 30, 2000. The legal rate for service for the second quarter of 2000 (April, May, June) remains \$67.50. On and after July 1, 2000, the proposed quarterly rate of \$80.50 and the connection charge of \$1,000.00 may take effect on an interim basis subject to refund with interest until such time as the Commission makes a final determination in this proceeding. The proposed availability fee of \$100.00 may take effect on January 1, 2001, on an interim

basis subject to refund with interest until or unless the Commission has made a final determination in this proceeding.

To expedite this hearing, the Commission will order The Waterworks Company to make available promptly to the Commission's Division of Public Utility Accounting information necessary to commence the investigation. We will also establish procedures for a hearing.

It appears from a letter of March 21, 2000, from Thomas Popek to the Company (Document Control No. 00340183, filed March 29, 2000), that The Waterworks Company rendered bills due April 1, 2000, for the prorated quarterly charge for service described in its notice to customers of March 15, 2000. It appears that the Company sent some bills for \$76.17 instead of \$67.50 despite our Order Suspending Changes and Authorizing Response of March 8, 2000, and before action could be taken on the amended notice. We will direct the Company to report all collections in excess of the legal rate of \$67.50 for the second quarter of 2000 and to make refunds by credit of the amount of the overpayment on the bill for service due July 1, 2000, for the third quarter.

Accordingly,

IT IS ORDERED THAT:

(1) The Commission Staff Motion to Dismiss filed and served March 7, 2000, be denied.

(2) Ordering paragraph (2) of the Order Suspending Changes and Authorizing Response of March 8, 2000, providing for suspension, be vacated.

(3) The proposed change in the quarterly rate for service and the proposed connection fee set out in the Company's notice to customers of March 15, 2000, be suspended to and through June 30, 2000. On and after July 1, 2000, the proposed quarterly rate for service of \$80.50 and the proposed connection charge of \$1,000 may take effect on an interim basis subject to refund with interest.

(4) The proposed availability charge may take effect on January 1, 2001, as proposed, but shall be interim and subject to refund with interest.

(5) On or before May 1, 2000, the Company shall file with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, a report of all customers who made payments for service for the second quarter of 2000 (April, May, June) at a rate in excess of \$67.50. This report shall include the customer's full name, complete mailing address, and the amount paid. These customers shall receive a credit for the overpayment on their bill for the third quarter of 2000 (July, August, September) due July 1, 2000.

(6) A public hearing be held on this application beginning at 10:00 a.m. on July 11, 2000, in the Commission's courtroom,

Tyler Building, Second Floor, 1300 East Main Street, Richmond, Virginia.

(7) As provided by § 12.1-31 of the Code of Virginia and Rule 7:1 of the Commission's Rules of Practice and Procedure (the Rules), 5 VAC 5-10-520, a hearing examiner be assigned to conduct all further proceedings on behalf of the Commission concluding with the filing of the final report to the Commission.

(8) On or before May 1, 2000, the Company shall make available to the Commission's Division of Public Utility Accounting, the originals or complete and legible copies of all documents and other information described in the attached Appendix, which is incorporated in, and made a part of, this Order.

(9) The Commission Staff shall undertake an investigation in this Application. This investigation shall include an audit of the Company's books and records commencing May 1, 2000, or as soon as practicable thereafter.

(10) On or before May 19, 2000, any person who expects to submit evidence, to cross examine witnesses, and to participate in this proceeding as a protestant pursuant to Rule 4:6 of the Rules, 5 VAC 5-10-180, shall file an original and five (5) copies of a notice of protest with the Clerk at the address in (5) above and shall simultaneously serve a copy on Robert A.

Winney d/b/a The Waterworks Company of Franklin County,
430 Windtree Drive, Moneta, Virginia 24121-3106. Any corporate
entity or governmental unit that wishes to protest must be
represented by legal counsel as required by Rule 4:8 of the
Rules, 5 VAC 5-10-200.

(11) On or before May 26, 2000, the Company shall file
with the Clerk an original and seven (7) copies of the testimony
and exhibits that it intends to offer at the hearing in support
of its application and shall serve one (1) copy on all persons
who file notices of protest.

(12) On or before June 16, 2000, each protestant shall
file with the Clerk an original and seven (7) copies of its
protest, as required by Rule 5:16(b) of the Rules, 5 VAC 5-10-
420, and an original and seven (7) copies of the testimony and
exhibits that it intends to offer at the hearing in support of
its protest and shall serve one (1) copy of the protest,
testimony, and exhibits on the Company and on all parties.

(13) On or before June 23, 2000, the Staff shall file with
the Clerk an original and seven (7) copies of any testimony and
exhibits that it intends to offer at the hearing and shall serve
one (1) copy on all parties.

(14) Any interested person may appear before the
Commission as a public witness by attending the hearing and
completing and filing with the bailiff a notice of appearance.

Interested persons should contact the bailiff in the courtroom by 9:45 a.m. on the day of the hearing.

(15) Any person may file written comments on the application. Comments should be addressed to the Clerk at the address in (5) above and should refer to case number PUE000093. Comments should be received by June 16, 2000.

(16) Individuals who require an accommodation to participate in the hearing should contact the Commission at 1-800-552-7245 (Voice) or at 1-804-371-9026 (TDD). Individuals requesting accommodations should contact the Commission by June 30, 2000.

(17) On or before May 3, 2000, the Company shall mail by first class mail, postage prepaid, a copy of this Order to all customers, including customers paying the availability fee, to the County Administrator of Franklin County, and to the Chairman of the Board of Supervisors of Franklin County.

(18) On or before May 10, 2000, the Company shall file with the Clerk a certificate of the mailing required in paragraph (17). The certificate shall include the complete name and mailing address of all customers receiving a copy of the notice.

Appendix A
Information Required Pursuant to Paragraph (8)
Order for Notice and Hearing

1. Please provide the following items:
 - a. Check register for the period of January 1, 1999 to December 31, 1999
 - b. Receipts documenting expenditures for the above period
 - c. Mileage logs for any company-use vehicles
 - d. Time records of company owner(s) and/or employee(s)
 - e. All available billing and collection records for the above period
 - f. September, 1998 to December, 1999 bank statements.
2. Please provide documentation supporting the Company's cost of connecting a customer. This may include receipts for materials and/or labor used and a statement of the time spent by company owner(s) and/or employee(s).
3. Itemize any additions or retirements of plant or equipment made since October, 1998. Please provide documentation supporting the cost of additions and/or retirements.
4. Itemize by date, amount, and customer any connection fees collected since October, 1998. Please provide documentation supporting the amounts received.
5. Has the customer level changed since October 31, 1998? If so, explain and quantify any such increases or decreases by month and split between usage and availability customers. (Records previously provided

indicate a total of 53 unmetered customers and 22 availability customers as of October, 1998).

6. Itemize any long-distance calls during 1999 that were for utility-related purposes.
7. Itemize any 1999 out-of-pocket utility expenditures by company owner(s) and/or employee(s) not reflected in the check register.
8. Please provide a complete explanation of any transfer of ownership of the Mallard Point portion of the Company including sale date and price.
9. Explain any changes in the terms and conditions of the Company's outstanding mortgages since October, 1998. Please indicate the mortgages' outstanding balances as of December 31, 1999.
10. Please provide the Company's 1999 income tax return when available. If the Company's income is taxed on a personal return, provide that complete return.
11. As of October, 1998 the Company was not incorporated as a public service company. Explain any changes in this status since that time.
12. Please explain any other significant events that the Company has experienced since October, 1998.